

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Bear Lake Township	County Manistee
Audit Date 3/31/05	Opinion Date 9/14/05	Date Accountant Report Submitted to State: 9/23/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

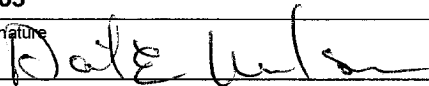
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASL GU).			✓

Certified Public Accountant (Firm Name) Wilson, Ward CPA Firm			
Street Address PO Box 205	City Interlochen	State MI	ZIP 49643
Accountant Signature 		Date 2/23/05	

**BEAR LAKE TOWNSHIP
MANISTEE COUNTY, MICHIGAN
BEAR LAKE, MICHIGAN**

Audit Report

**For Year Ended
March 31, 2005**

**Wilson, Ward CPA Firm
PO Box 205
Interlochen, MI 49643
(231) 276-7668**

BEAR LAKE TOWNSHIP
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3015 M-137

P.O. Box 205

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Robert K. Ward, CPA

(231) 276-7668
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September 13, 2005

Ms. Leslie Smith, Supervisor
Bear Lake Township
Bear Lake Township, Michigan

The primary purpose of this letter is to prepare, for management, information which delineates those items encountered during the audit which were either not related to the financial, internal control and compliance reports or were not material enough to comment on relative to them. However, these items might be significant when viewed from a management perspective or in the longer term. This letter is intended only for the use of management and any other parties not informed of these matters might misconstrue their meanings.

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with general accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Bear Lake Township. Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for safeguarding assets and for maintaining the structure of the internal control system to help assure the proper recording of transactions. Our consideration of the system of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Significant Accounting Policies

Management has the responsibility for selection of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by the Bear Lake Township are listed in Note 1. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into Bear Lake Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, of transactions for which there is a lack of authoritative guidance or consensus.

Management Judgements and Accounting Estimates

Some accounting estimates are utilized in financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Our conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the liability.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Bear Lake Township that could potentially cause future financial statements to be materially misstated, even though we have concluded such adjustments are not material to the current financial statements. Our audit adjustments, individually and in the aggregate, have a significant effect on the financial reporting process.

The information was made available timely and in an organized manner by the clerk and treasurer.

COMMENT: The accounting system while mechanized is not implemented to its capability.

RECOMMENDATION: Insure that the conversion to the new mechanized system is completed and used. This will also greatly improve the use of reports for regular financial management.

Again, it is important to remember that this report is for information only and provided to management with the sole intent that it can be evaluated with the potential to improve management practices within the township. Thank you for the opportunity to work with Bear Lake Township.

Sincerely,

A handwritten signature in black ink that reads "David E. Wilson CPA". The signature is written in a cursive, flowing style.

David E Wilson, CPA

INTRODUCTORY SECTION

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Bear Lake Township Board
Bear Lake, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bear Lake Township, Manistee County, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Bear Lake Township's basic financial statements and have issued our report thereon dated September 1, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

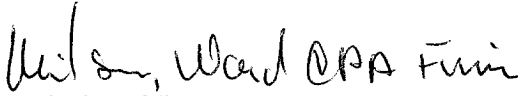
Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bear Lake Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bear Lake Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain matters that we reported to management of Bear Lake Township in a separate letter dated September 14, 2005.

This report is intended solely for the information and use of the audit committee, management, township board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Interlochen, MI
September 14, 2005

FINANCIAL SECTION

Wilson, Ward CPA Firm

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INDEPENDENT AUDITOR'S REPORT

To the Bear Lake Township Board
Bear Lake, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bear Lake Township, Benzie County, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bear Lake Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Bear Lake Township as of March 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with Government Auditing Standards, we have also issued our report dated September 14, 2005, on our consideration of the Bear Lake Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 5 through 6 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bear Lake Township's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Wilson Ward CPA Firm

Interlochen, MI
September 14, 2005

BEAR LAKE TOWNSHIP

Management's Discussion and Analysis

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets decreased 6.4% from a year ago - decreasing from \$483,646 to \$452,906. Most of this was operational expenditures in the Fire Department Fund with the balance being depreciation from capital assets.

The Township's Funds

Our analysis of the Township's major funds begins on page 18, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities such as special property tax millages.

The General Fund pays for most of the Township's governmental services. The amount transferred to the General Fund is supported by a detailed calculation of the current year costs of the specific capital outlay approved by the Township Board.

General Fund Budgetary Highlights:

Over the course of the year the Township Board was able to maintain the township departments within their prescribed budgets

Capital Asset and Debt Administration:

As of March 31, 2005, the Township had \$587,153 invested in a broad range of capital assets, including land, buildings and equipment. In addition, the Township has invested significantly in major and local roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law which makes these roads the property of the County Road Commission (along with the responsibility to maintain them).

Economic Factors and Next Year's Budgets and Rates:

Bear Lake Townships's 2004-2005 general fund budget calls for the allocated millage of 1.6982. Bear Lake Township also has a voted millage for Fire Protection services in the amount of 0.7404. Because of the impact of Proposal A, however, the Township needs to continue to watch its budget very closely. The state-wide tax reform act limits growth in taxable value by less than inflation, the mathematical result of this is that the total taxable value for the Township will grow less than by inflation, before considering new property additions.

Contacting the Township's Management:

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the treasurer at (231) 864-3620.

BEAR LAKE TOWNSHIP
Government Wide Statement of Net Assets
As of March 31, 2004

	Total
Assets	
Cash & Investments	\$433,590
Accounts Receivable - Taxes	10,321
Accounts Receivable	4,941
Prepaid Insurance	0
Net Assets	<u>27,814</u>
Total Assets	<u><u>476,666</u></u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	0
Retirement Payable	0
Deferred Taxes Receivable	0
Note Payable	
Total Liabilities	<u>0</u>
Fund Equity	
Fund Balance - Reserved	9,344
Fund Balance - Unreserved	<u>467,322</u>
Total Fund Equity	<u><u>476,666</u></u>
 Total Liabilities and Fund Balance	 <u><u>\$476,666</u></u>

BEAR LAKE TOWNSHIP
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2005

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Primary Governmental Business-type Activities	Total
Primary government						
Governmental activities:						
Legislative	\$11,971	\$0	\$0	\$0	-\$11,971	-\$11,971
General government	99,441	28,256			-71,185	-71,185
Public safety	38,937				-38,937	-38,937
Public works	100,440				-100,440	-100,440
Health and Welfare	0				0	0
Community and Economic Development	0				0	0
Recreation and Culture	438				-438	-438
Depreciation	45,181				-45,181	-45,181
Interest on Long Term Debt	0				0	0
Total Governmental Activities	296,408	28,256	0	0	-268,152	-268,152
Business Type Activities						
Enterprise Funds	0	0	0	0	0	0
Total Primary Government	296,408	28,256	0	0	-268,152	-268,152
General revenues:						
Taxes						
Property Taxes-general					121,123	121,123
Property Taxes-debt service					0	0
State-Shared Revenues					84,131	84,131
Unrestricted Investment Earnings					15,823	15,823
Franchise taxes					0	0
Contributions					0	0
Miscellaneous					27,127	27,127
Transfers					0	0
Total General Revenues-Special Items and Transfers					248,204	248,204
Changes in Net Assets					-19,948	-19,948
Net Assets - Beginning					496,614	496,614
Net Assets - Ending					\$476,666	\$476,666

Net Income Per Governmental Balance Sheet \$25,233
Less Depreciation 45,181
Net Income Per Statement of Activities -\$19,948

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

BEAR LAKE TOWNSHIP
Governmental Funds Balance Sheet
As Of March 31, 2005

	Governmental Fund Types		
	General	Non Major Funds	Total (Memo Only)
<u>Assets</u>			
Cash & Investments	\$179,249	\$254,341	\$433,590
Accounts Receivable taxes	6,863	3,458	10,321
Accounts Receivable	4,941	0	4,941
Due from Other Funds	4,054	0	4,054
Prepaid Insurance	0	0	0
Buildings & Improvements	0	0	0
Machinery & Equipment	0	0	0
Total Assets	195,107	257,799	452,906
<u>Liabilities and Fund Balance</u>			
Liabilities			
Accounts Payable	0	0	0
Retirement Payable	0	0	0
Deferred Taxes Receivable	0	0	0
Due to Other Funds/Agencies	0	4,054	4,054
Note Payable	0	0	0
Total Liabilities	0	4,054	4,054
Fund Equity			
Fund Balance - Reserved	9,344	0	9,344
Fund Balance - Unreserved	185,763	253,745	439,508
Total Fund Equity	195,107	253,745	448,852
Total Liabilities and Fund Balance	\$195,107	\$257,799	\$452,906

Fund Balance Per All Government Funds	448,852
Add Net Assets	27,814
Fund Balance Per Balance Sheet	<u>\$476,666</u>

BEAR LAKE TOWNSHIP

Combined Statement of Revenues, Expenditures and Changes in Fund Balance
All Governmental Fund Types
For the Year Ended March 31, 2004

	Governmental Fund Types		
	General Fund	Non Major Funds	Total (Memo Only)
Revenues			
Taxes	\$79,624	\$41,499	\$121,123
Admin Fees	24,192	0	24,192
Licenses	2,696	0	2,696
State Grants	84,131	0	84,131
Charges for Services	1,368	0	1,368
Interest & Rentals	9,855	5,968	15,823
Other Revenues	5,827	21,300	27,127
Total Revenues	207,693	68,767	276,460
Expenditures			
Current			
Legislative	11,971	0	11,971
General Government	99,441		99,441
Public Safety	0	35,255	35,255
Public Works	41,741	62,819	104,560
Other	0	0	0
Total Expenditures	153,153	98,074	251,227
Excess Revenue (Expenditures)	54,540	(29,307)	25,233
Fund Balance - Beginning of Year	170,567	253,052	423,619
Transfers in / (Out)	(30,000)	30,000	0
Fund Balance - End of Year	\$195,107	\$253,745	\$448,852

**BEAR LAKE TOWNSHIP
FOOTNOTES TO FINANCIAL STATEMENTS**

1. Summary of Significant Accounting Policies

The accounting policies of the Township conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies.

A. Reporting Entity

Bear Lake Township is located in Manistee County, Michigan. The Township is governed by an elected five member board. Services are provided to approximately 1270 residents and include fire protection and general community enrichment services. The criteria established for determining the various agencies and boards to be included in the Township's general purpose financial statements depends on the extent such agencies and boards are a part of, controlled by or dependent on the Township. The criterion used to determine the reporting entity, "is the ability to exercise oversight responsibility over such agencies by the governmental unit's elected officials."

Based on the criterion above there are no other organizations included in these financial statements.

B. Summary of Significant Accounting Policies

Basis of Presentation

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

Basis of Accounting

Basis of Accounting refers to how revenue and expenditures or expenses are recognized in the account and reported in the financial statements. The basis of accounting, as required under generally accepted accounting principles, varies for each fund.

General, special revenue, debt service, capital projects and trust and agency funds should be accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable.

Enterprise funds should be accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized in the accounting period in which it is earned and becomes measurable. Expenses are recognized in the accounting period incurred, if measurable.

The accounting policies of Bear Lake Township conform to generally accepted accounting principles and include the following fund types

1. Government Fund Types use modified accrual basis and include -

The *general funds* account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from property taxes and state, grants and other intergovernmental revenues.

The *special revenue funds* account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. These funds are employed to maintain integrity for the various sources of fund.

The *capital projects funds* account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

2. Fiduciary fund types include -

The *Trust and Agency Fund* is unbudgeted and accounts for activities within those areas wherein the Township is operating in either a trust or agency status. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the Township.

D. GASB 34

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, as amended*, the Township has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements

C. Budgets and Budgetary Accounting

The general fund and enterprise fund types are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis the same as the modified accrual basis used to reflect operations and include those amounts formally appropriated by the Township Board.

D. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from those estimates.

2. Excess of Expenditures over Appropriations

The local unit shall not incur expenditures in excess of appropriations. This also requires a disclosure of all such functional areas which exceeded budget. As such, a budgeted statement is included in the supplementary data portion of these financial statements.

3. Financial Control of Funds

As authorized by Act 20, Public Act of 1943, as amended, states that the Township, by resolution may authorize its treasurer to invest surplus funds in the following manner:

1. Direct obligations of the United States or an agency or instrumentality of the United States.
2. In any account or depository which is a member of the F.D.I.C. or a savings and loan which is a member of the Federal Savings and Loan Insurance Corporation, or a credit union which is insured by the National Credit Union Administration.
3. Fifty percent of the funds may be invested in commercial paper rated at the time of purchase within the three highest classifications by not less than two standard rating agencies and which mature not more that 270 days following the date of purchase.
4. In United States Government of federal agency obligations repurchase agreements.
5. In bankers acceptances of the United States banks.
6. In mutual funds composed of investment vehicles which are legal for direct investment of local units of government in Michigan.

4. Cash and Investments

Deposits of the Township are as authorized by the Township Board. A summary of these accounts and amounts is included in the supplemental data section of this report. All funds of Bear Lake Township have been invested in those depositories or investments as authorized by Michigan Compiled Laws Section 129.91. The balance sheet account for all funds includes all cash, investments and imprest (petty cash) funds.

In accordance with GASB Statement No. 3, risk disclosures must be made to indicate the amounts of cash insured or uninsured. A general summary of these assets is as follows:

	<u>Carrying Value</u>	<u>Bank Value</u>
Insured	\$ 100,000	\$ 100,000
Uninsured	\$ 186,192	\$ 187,883

The Township also has \$247,584 invested in certificates of deposit which are not reported according to risk.

5. Pension Plan

The Township participates in a defined contribution pension plan administered by Municipal Retirement Systems, Inc. covering all elected officials and other full-time employees. The Township contributes the premium, based on the annual normal compensation. Plan members may make additional voluntary contributions. The Township's contribution for the year ended March 31, 2004 amounted to \$914.

6. Changes in General Fixed Assets

General Fixed Assets have been acquired for general township purposes and at the time of purchase were recorded as expenditures. All depreciation is computed using straight line with lives of 30-50 years for buildings, 15 years for equipment and 10-25 years for fire vehicles. Detailed information concerning these accounts is as follows:

	<u>Balance 4/01/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/04</u>
Land, Improvements and Buildings	\$102,062			\$102,062
Vehicles	408,622			408,622
Equipment	<u>76,469</u>	<u>0</u>	<u>0</u>	<u>76,469</u>
	<u>\$ 587,153</u>	<u>0</u>	<u>0</u>	<u>\$587,153</u>
	<u>Balance 4/01/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/04</u>
<u>Accumulated Depreciation</u>				
Land, Improvements and Buildings	\$ 79,062			\$ 79,062
Vehicles	362,946	40,862		403,808
Equipment	<u>72,150</u>	<u>4,319</u>	<u>0</u>	<u>76,469</u>
	<u>\$ 514,158</u>	<u>45,181</u>	<u>0</u>	<u>\$559,339</u>

7. Compensated Absences and Post Employment Benefits

The Township does not pay for compensated absences.

8. Contingent Liabilities

There are no known contingent liabilities.

9. Risk Management

The Township carries commercial insurance as a protection against risk.

10. Taxes Receivable

The taxes receivable reflected in the general fund represents delinquent real property taxes (\$6,843) and tax administration fees (\$1,461) on delinquent real property taxes. Manistee County funds the delinquent tax roll by selling tax notes annually and distributing the proceeds to the governmental units currently. Accordingly, these delinquent taxes and related fees recorded as revenue in the current year. The Fire Equipment Fund likewise has delinquent taxes in the amount of \$3,458.

SUPPLEMENTAL DATA SECTION

GENERAL FUND

**Bear Lake Township
Balance Sheet
General Fund**

As Of March 31, 2005

Assets

Cash In Bank and Investments	\$179,249
Accounts Receivable	4,941
Taxes Receivable	6,863
Due From Other Agencies	0
Due From Other Funds	4,054
Total Assets	<u>195,107</u>

Liabilities and Fund Balance

Liabilities

Accounts Payable	0
Accrued Salaries & Wages	0
Deferred Revenue	0
Due To Other Funds	0
Compensated Absences	0
Total Liabilities	<u>0</u>

Fund Balance

Reserved for Cemetary Endowment	23,875
Unreserved	171,232
Total Fund Balance	<u>195,107</u>

Total Liabilities and Fund Balance	<u>\$195,107</u>
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THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Bear Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

For the Year Ended March 31, 2005

	General Fund <u>March 31, 2005</u>
<u>Revenue</u>	
Taxes	\$79,624
Admin Fees	24,192
Licenses and Permits	2,696
Charges for Services	1,368
Interest & Rentals	9,855
Other Revenues	5,527
Donations	0
State Shared Revenue	84,131
Cable Franchise Fees	0
Reimbursements	<u>300</u>
Total Revenues	207,693
<u>Expenditures</u>	
Current	
Legislative	11,971
General Government	97,241
Planning and Zoning	3,682
Sanitation	37,621
Zoning Board	438
Other	<u>2,200</u>
Total Expenditures	153,153
Excess Revenue (Expenditures)	54,540
Operating Transfers In (out)	(30,000)
Fund Balance - Beginning of Year	170,567
Prior Period Adjustment	<u>0</u>
Fund Balance - End of Year	<u><u>\$195,107</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Bear Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget Vs Actual
General Fund

For the Year Ended March 31, 2005

	Budget Year Beg. April 01, 2004	Budget Year Ended March 31, 2005	Actual Year Ended March 31, 2005	Variance Favorable (Unfavorable)
<u>Revenue</u>				
Current Property Taxes	\$60,000	\$63,678	\$73,479	\$9,801
Delinquent Tax	7,000	7,000	6,122	(878)
Penalties on Taxes	0	0	23	23
Admin Fees	17,300	17,300	19,402	2,102
Collection Fee	1,320	1,320	4,790	3,470
Licenses and Permits	2,700	2,700	2,696	(4)
State Shared Revenues	75,000	75,000	84,131	9,131
Use Fees	1,100	1,100	900	(200)
Charge for Services	2,500	2,500	1,368	(1,132)
Earned Interest	4,000	4,000	9,855	5,855
Rents and Royalties	0	0	0	0
Franchise Fees	0	0	0	0
Reimbursements	0	0	300	300
Misc	180	180	4,627	4,447
Total Revenues	171,100	174,778	207,693	32,915
Reimbursements	0	0	0	0
Total Receipts	171,100	174,778	207,693	32,915
<u>Expenditure</u>				
Legislative				
Township Board:				
Salaries and Wages			3,314	
Supplies and Maintenance			358	
Professional Services			1,200	
Mileage			0	
Printing and Advertising			449	
Postage			0	
Insurance and Bonds			4,675	
Dues			924	
Pension Settlement			756	
Misc			295	
Capital Outlay			0	
Total Township Board	18,000	18,000	11,971	6,029
General Government:				
Township Supervisor:				
Salaries and Wages			7,966	
Office Supplies			30	
Misc			72	
Mileage			162	
Total Township Supervisor	8,600	8,600	8,230	370

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Bear Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

For the Year Ended March 31, 2004

	Budget Year Beg. April 01, 2003	Budget Year Ended March 31, 2004	Actual Year Ended March 31, 2004	Variance Favorable (Unfavorable)
Elections:				
Salaries and Wages			1,348	
Office Supplies			1,410	
Mileage			0	
Misc			240	
Capital Outlay			0	
Total Elections	3,000	3,000	2,998	2
Legal:				
Legal-Elections			1,442	
Legal-County			7,480	
Total Legal	10,000	10,000	8,922	1,078
Assessor:				
Salaries and Wages			0	
Supplies			892	
Professional Services			21,996	
Mileage and Travel			0	
Misc			400	
Capital Outlay			0	
Total Assessor	23,000	23,000	23,288	(288)
Liquor Law Enforcement:				
Salaries and Wages			1,332	
Misc			0	
Total Liquor Law Enforcement	1,100	1,100	1,332	(232)
Clerk:				
Salaries and Wages			11,196	
Office Supplies			300	
Mileage			91	
Capital Outlay			0	
Misc			0	
Total Clerk	13,500	13,500	11,587	1,913
Board of Review:				
Salaries			1,093	
Supplies			20	
Education			110	
Misc			92	
Total Board of Review	2,000	2,000	1,315	685

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Bear Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

For the Year Ended March 31, 2004

	Budget Year Beg. April 01, 2003	Budget Year Ended March 31, 2004	Actual Year Ended March 31, 2004	Variance Favorable (Unfavorable)
Treasurer:				
Salaries and Wages			10,413	
Office Supplies			1,459	
Telephone			0	
Mileage			63	
Misc			855	
Capital Outlay			0	
Printing			0	
Total Treasurer	13,900	13,900	12,790	1,110
Township Hall and Grounds:				
Salaries & Wages			0	
Benefits			0	
Supplies			453	
Prof Services			420	
Mileage			585	
Insurance and Bonds			1,873	
Public Utilities			7,867	
Repairs			489	
Capital Outlay			1,461	
Misc.			2,616	
Total Township Hall	16,000	16,000	15,764	236
Cemetery:				
Salaries & Wages			4,149	
Supplies			696	
Grave Opening			1,950	
Contracted Services			595	
Mileage			52	
Insurance and Bonds			224	
Public Utilities			516	
Repairs			1,874	
Capital Outlay			0	
Misc.			959	
Total Cemetery	15,000	15,000	11,015	3,985
Total General Government	106,100	106,100	97,241	8,859

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Bear Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

For the Year Ended March 31, 2004

	Budget Year Beg. April 01, 2003	Budget Year Ended March 31, 2004	Actual Year Ended March 31, 2004	Variance Favorable (Unfavorable)
Planning and Zoning:				
Salaries and Wages			916	
Supplies			0	
Mileage			0	
Printing			0	
Misc			60	
Total Planning and Zoning	4,000	4,000	976	3,024
Planning and Zoning Admin:				
Salaries and Wages			1,145	
Supplies			347	
Mileage			875	
Printing			0	
Misc			339	
Total Planning & Zoning Admin	4,000	4,000	2,706	1,294
Public Works:				
Sanitation	28,000	28,000	29,392	(1,392)
Sewer	5,000	5,000	7,000	(2,000)
Misc	0	0	1,229	(1,229)
Total Public Works	33,000	33,000	37,621	(4,621)
Zoning Board of Appeals:				
Salaries			438	
Utilities			0	
Total Zoning Board of Appeals	2,000	2,000	438	1,562
Other Expenses:				
Audit	2,500	2,500	2,200	300
Employee Benefits			0	0
Library	1,000	1,000	0	1,000
MiscSewer		620	0	620
Total Other Expenditures	3,500	4,120	2,200	1,920
Total Expenditures	166,600	167,220	153,153	16,773
Excess Revenues		7,558	54,540	
OTHER FINANCING SOURCES				
Operating Transfers In(Out)			(30,000)	
Excess Revenue & Other Financing Uses Over (Under) Expenditures			24,540	
Fund Balance - Beginning of Year			170,567	149,873
Fund Balance - End of Year			<u>\$195,107</u>	

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

SPECIAL REVENUE FUNDS

**Bear Lake Township
Combining Balance Sheet
Special Revenue Funds**

As Of March 31, 2005

Assets	Fire				Total
	Fire Fund	Equipment Fund	Improvement Fund	Roads Fund	
Cash in Bank	\$41,012	\$39,964	\$137,028	\$36,337	\$254,341
Taxes Receivable	3,458	0		0	3,458
Due From GF		0	0	0	0
Total Assets	44,470	39,964	137,028	36,337	257,799
Liabilities and Fund Balance					
Liabilities					
Accounts Payable	0	0	0	0	0
Due to General Fund	0			4,054	4,054
Total Liabilities	0	0	0	4,054	4,054
Fund Balance					
Reserved for Equipment Replacement	0				0
Unreserved	44,470	39,964	137,028	32,283	253,745
Total Fund Balance	44,470	39,964	137,028	32,283	253,745
Total Liabilities and Fund Balance	\$44,470	\$39,964	\$137,028	\$36,337	\$257,799

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Bear Lake Township
Combining Statement of Revenues, Expenditures & Changes in Fund Balance
Special Revenue Funds

For The Year Ended March 31, 2005

Revenues	Fire Fund	Improvement Fund	Fire Equipment Fund	Road Funds	Total
Property Taxes	\$24,537		\$12,419		\$36,956
Delinquent Property Taxes	3,458		1,085		4,543
Interest	168	5,511	289		5,968
Miscellaneous	16,464			4,836	21,300
Total Revenue	44,627	5,511	13,793	4,836	68,767
Expenditures					
Wages and Salaries	9,752		0		9,752
Supplies	2,472				2,472
Fuel	0				0
Insurance	8,748				8,748
Inspections	1,443				1,443
Miscellaneous	2,238				2,238
Repairs	10,602				10,602
Capital Expenditures	0			62,819	62,819
Total Expenditures	35,255	0	0	62,819	98,074
Excess Revenue (Expenditures)	9,372	5,511	13,793	(57,983)	(29,307)
Transfer In/(Out)	0	0	0	30,000	30,000
Fund Balance - Beginning of Year	35,098	131,517	26,171	60,266	253,052
Fund Balance - End of Year	\$44,470	\$137,028	\$39,964	\$32,283	\$253,745

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Bear Lake Township
Combining Statement of Revenues, Expenditures & Changes in Fund Balance
Budget vs Actual
Special Revenue Funds

For The Year Ended March 31, 2005

Revenues	Improvement Fund			Fire Equipment Fund			Fire Operating Fund			Road Fund			Total		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Property Taxes				\$9,000	\$12,419		\$20,000	\$24,537	\$4,537	\$29,000	\$36,956	\$4,537			
Delinquent Prop Taxes				1,000	1,085		2,000	3,458	1,458	3,000	4,543	1,458			
State of Michigan															
Interest															
Miscellaneous		2,440	0		289	0	13,000	16,464	3,464	4,000	4,836	836		2,897	168
Total Revenue	0	2,440	0	10,000	13,793	0	35,000	44,627	9,627	4,000	4,836	836	45,000	60,860	9,627
Expenditures															
Contract Services							40,000	35,255	4,745	60,000	62,819	2,819	40,000	35,255	4,745
Capital Expenditures							0	0	0	0	0	0	0	0	0
Misc Expenditures							0	0	0	0	0	0	0	0	0
Total Expenditures	0	0	0	0	0	0	40,000	35,255	4,745	60,000	62,819	2,819	40,000	35,255	4,745
Excess Revenues (Expenditures)							(5,000)	9,372	4,882	(56,000)	(57,983)	(57,983)	5,000	25,605	14,372
Transfer in (out)		2,440			13,793										
Fund Balance - Beginning of Year		131,517			26,171			35,098			60,266			192,786	
Fund Balance - End of Year		\$133,957			\$39,964			\$44,470			\$32,283			\$218,391	

**Bear Lake Township
Balance Sheet
Fire Fund**

As Of March 31, 2005

<u>Assets</u>	
Cash In Bank and Investments	\$41,012
Taxes Receivable	<u>3,458</u>
Total Assets	<u>44,470</u>
<u>Liabilities and Fund Balance</u>	
Liabilities	
Accounts Payable	0
Due to General Fund	<u>0</u>
Total Liabilities	0
Fund Balance	
Reserved for Equipment Replacement	0
Unreserved	<u>44,470</u>
Total Fund Balance	<u>44,470</u>
Total Liabilities and Fund Balance	<u>\$44,470</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Bear Lake Township
Statement of Revenues, Expenditures & Changes in Fund Balance
Fire Fund

For The Year Ended March 31, 2005

	Actual
<u>Revenues</u>	
Property Taxes	\$24,537
Delinquent Tax	3,458
Interest	168
Miscellaneous	16,464
Total Revenue	<u>44,627</u>
<u>Expenditures</u>	
Wages and Salaries	8,875
Payroll taxes	877
Supplies	2,472
Fuel	0
Insurance	8,748
Inspections	1,443
Misc	2,238
Repairs	10,602
Capital Expenditures	0
Total Expenditures	<u>35,255</u>
Excess Revenues (Expenditures)	9,372
Fund Balance - Beginning of Year	<u>35,098</u>
Fund Balance - End of Year	<u><u>\$44,470</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Bear Lake Township
Balance Sheet
Improvement Fund**

As Of March 31, 2005

<u>Assets</u>	
Cash In Bank and Investments	\$137,028
Due From Other Funds (General)	<u>0</u>
Total Assets	<u>137,028</u>
<u>Liabilities and Fund Balance</u>	
Unreserved Fund Balance	<u>137,028</u>
Total Liabilites and Fund Balance	<u>\$137,028</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Bear Lake Township
Statement of Revenues, Expenditures & Changes in Fund Balance
Improvement Fund

For The Year Ended March 31, 2005

<u>Revenues</u>	
Interest	<u>\$5,511</u>
<u>Expenditures</u>	
Contract Services	0
Miscellaneous	<u>0</u>
Total Expenditures	<u>0</u>
Excess Revenue (Expenditures)	5,511
Transfer from General Fund	
Fund Balance - Beginning of Year	<u>131,517</u>
Fund Balance - End of Year	<u><u>\$137,028</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Bear Lake Township
Balance Sheet
Fire Equipment Fund**

As Of March 31, 2005

Assets

Cash In Bank	\$39,964
Taxes Receivable	0
Due from General Fund	0
Total Assets	<u>39,964</u>

Liabilities and Fund Balance

Liabilities	
Due to Improvement Fund	0
Total Liabilities	<u>0</u>
Fund Balance	
Reserved for Equipment Replacement	0
Unreserved	39,964
Total Fund Balance	<u>39,964</u>
Total Liabilities and Fund Balance	<u>\$39,964</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Bear Lake Township
Statement of Revenues, Expenditures & Changes in Fund Balance
Fire Equipment Fund

For The Year Ended March 31, 2005

Revenues

Property Tax	\$12,419
Delinquent Tax	1,085
Interest	289
Total Revenue	<u>13,793</u>

Expenditures

Maintenance and Improvement	0
Capital Expenditures	0
Total Expenditures	<u>0</u>

Excess Revenues (Expenditures)	13,793
Fund Balance - Beginning of Year	26,171
Transfer In	<u>0</u>
Fund Balance - End of Year	<u><u>\$39,964</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Bear Lake Township
Balance Sheet
Road Fund**

As Of March 31, 2005

<u>Assets</u>	
Cash In Bank and Investments	\$36,337
Due From Other Funds (General)	<u>0</u>
Total Assets	<u><u>36,337</u></u>
<u>Liabilities and Fund Balance</u>	
Due to General Fund	4,054
Unreserved Fund Balance	<u>32,283</u>
Total Liabilites and Fund Balance	<u><u>\$36,337</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Bear Lake Township
Statement of Revenues, Expenditures & Changes in Fund Balance
Road Fund

For The Year Ended March 31, 2005

<u>Revenues</u>	
Receipts	<u>\$4,836</u>
<u>Expenditures</u>	
Contract Services	62,819
Miscellaneous	<u>0</u>
Total Expenditures	<u>62,819</u>
Excess Revenue (Expenditures)	(57,983)
Transfer from General Fund	30,000
Fund Balance - Beginning of Year	<u>60,266</u>
Fund Balance - End of Year	<u><u>\$32,283</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS